

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 Fremont Street, 21st Floor
San Francisco, California 94105**

July 26, 2002

RH-402

FINAL STATEMENT OF REASONS

**California Code of Regulations, Title 10, Chapter 5, subchapter 4.7, section 2632.5,
subdivision (d)(11)**

UPDATE OF INITIAL STATEMENT OF REASONS

This rulemaking proceeding defines “persistence,” one of the optional rating factors set forth in California Code of Regulations, title 10, section 2632.5, subdivision (d)(11). Prior to issuing a formal Notice of Proposed Action and Notice of Public Hearing, the Department of Insurance mailed a Request for Public Input to all persons who previously requested mailed notice of any proposed regulatory actions. The Request for Public Input was also posted on the Department of Insurance public website.

The comments submitted during the informal Request for Public Input were insightful, and provided the Department of Insurance with significant useful information. That information was contemplated in the formulation of the text for this proposed regulation, and led to the Notice of Proposed Regulatory Action and Notice of Public Hearing for California Code of Regulations, title 10, section 2632.5, subdivision (d)(11). The Department held a public hearing on February 28, 2002, and accepted comments on the proposed regulation through that date.

Since that time, the Department of Insurance has reviewed the oral and written comments, which were submitted by the public in response to this proposed regulation. After a detailed review of the public comments, as indicated elsewhere in this rulemaking file, the Commissioner has determined that the regulation should be adopted in the same form as it was originally proposed to the public. Therefore, because the Initial Statement of Reasons still fully and accurately reflects the views of the Department of Insurance, the Commissioner incorporates by this reference the Initial Statement of Reasons, dated December 21, 2001.

LOCAL MANDATE DETERMINATION

The proposed regulation does not impose any mandate on local agencies or school districts.

ALTERNATIVES DETERMINATION

The Department of Insurance has determined that no alternative would be more effective in carrying out the purpose for which the regulation is proposed, or would be as effective and less burdensome to affected private persons than the proposed regulation. This regulation is designed to preclude insurers from using the absence of prior automobile insurance to affect

rates, premiums or insurability. This requirement is codified in California Insurance Code section 1861.02, subdivision (c). While the Department of Insurance received a number of comments from the public, none of the comments presented a reasonable alternative to the proposed language. Likewise, the Department of Insurance believes there is no reasonable alternative. Because no conceivable alternative regulation would be less burdensome to affected private persons without necessarily hampering the effective implementation of Insurance Code section 1861.02, subdivision (c), the Commissioner proposes this regulation for adoption.

SUMMARY AND RESPONSE TO COMMENTS RECEIVED DURING THE INITIAL NOTICE PERIOD OF JANUARY 4, 2002 THROUGH FEBRUARY 28, 2002.

The summary and response to comments are organized and bound directly after this page.